CALIFORNIA HUB FOR ENERGY EFFICIENCY FINANCING

Commercial Financing Program Parameters

July 20, 2016

Workshop Goals

- To propose a structure, prior to issuing regulations, that is broadly reflective of CAEATFA's thinking regarding program regulations based on research and informal conversations with stakeholders to-date.
- To provide stakeholders and interested parties an opportunity to provide additional input to CAEATFA on the proposed structure for the Commercial EE finance pilots.
  - CAEATFA requests that any party provide input on any or all parameters described below; **please don't feel constrained to the specific questions posed.**
  - CAEATFA will take any comments, either provided during this workshop or in writing provided by September 15, 2016 into account in its regulatory development.

CHEEF Pilots
Summer 2016 Workshop Schedule

Commercial Financing Program Parameters
July 20, 2016 9:30-11:30am PST

- Credit enhancement structure (for small business pilots)
- Financial product eligibility
- Finance provider eligibility
- Borrower/Customer underwriting guidelines

Commercial Project Program Parameters
Late August/Early September 2016: Date TBD

- Eligible measures and eligible projects
- Contractor requirements
- Project QA/QC requirements
- Data reporting
- Finance-only (non-rebate) pathway

This workshop will cover project parameters for the credit-enhanced small business pilots

On-Bill Repayment Program Parameters
September, 2016: Date TBD

- On-bill customer and property eligibility guidelines
- On-bill infrastructure and communication with the Master Servicer
- Details and timing of cash flows and payments
- Special situations: Late payments, disconnections, and removal from the bill

This workshop will cover the on-bill repayment parameters for the following pilot programs:

- Commercial on-bill (small business loan, small business lease and ESA, non-residential non credit-enhanced pilots)
- Single Family on-bill residential (PG&E Territory only)
- Affordable Multi-Family residential

CHEEF Commercial Pilot Development Schedule

June-November, 2016:

- On Bill Infrastructure Testing

Fall 2016:

- Regulation development and workshops

December, 2016/January 2017:

- Regulations approved

Q1 2017:

- Participating Financial Institution (PFI) and Participating Finance Lender (PFL) enrollment
- PFI/PFL System integration with CAEATFA's Master Servicer
- Potential off-bill pilot launch

Q2 2017:

- On bill launch

Agenda

1. Introduction: CAEATFA, the CHEEF and the Finance Pilots
2. Definitions
3. Credit Enhancement Structure
4. Financing Entity Eligibility
5. Finance Product Eligibility
6. Borrower Eligibility
7. Conclusion/Next Steps

INTRODUCTION

Introduction → Definitions → Credit Enhancement Structure → Financing Entity Eligibility → Product Eligibility → Borrower Eligibility → Conclusion

Meet CAEATFA

California
Alternative Energy and
Advanced Transportation
Financing Authority

- Housed within the State Treasurer's Office
- Uniquely positioned at the intersection of state energy and finance policy since the 1980s.
- Develops market-driven financial assistance programs to support the State's energy and environmental policy goals.

What is the CHEEF?

CALIFORNIA HUB FOR ENERGY EFFICIENCY FINANCING

- A **public-private partnership** among state agencies, utilities, lenders, contractors, and borrowers.
- A **streamlined, statewide platform** for lenders and contractors to participate in the uptake of energy efficiency projects through increased access to financing.
  - $10 million for marketing, education, outreach and training for contractors and lenders.
  - Uniform program requirements throughout the state to leverage existing infrastructure and allow flexibility for development of new and innovative financial products.
    - A centralized network of participating contractors; project quality assurance and quality control requirements; minimum underwriting criteria for financial product development; credit enhancement structures.
- A **data repository** for energy use, project, and financial data to inform future investment in energy efficiency projects.

CAEATFA serves as administrator of the CHEEF

Overseeing the CHEEF, CAEATFA will:

- Develop program regulations including lender requirements, project eligibility criteria, and credit enhancement design
- Coordinate with stakeholders, including the CPUC, IOUs, financial institutions, lease providers, contractors, and end-users
- Establish and manage contracts with:
  - trustee bank
  - master servicer
  - contractor manager
  - data manager

CALIFORNIA HUB FOR ENERGY EFFICIENCY FINANCING

CHEEF Commercial Pilots

Small Business			Non Residential
Meets SBA size restrictions, for-profits and non-profits			**Any size, gov ok, non-profit ok**
On Bill		**Off Bill**	**On Bill**
Full amount of financing is credit enhanced		**Part or all** of financing is credit-enhanced	No credit enhancement
EE and DR only		EE, DR **and DG**	EE, DR **and DG**
Loan	Lease & ESA	Lease & ESA	Loan, Lease, & ESA

Introduction | Definitions | Credit Enhancement Structure | Financing Entity Eligibility | Product Eligibility | Borrower Eligibility | Conclusion

CHEEF Pilot Program Goals:

- Enable **more attractive financing** reaching a **broader customer base** enabling **more EE projects** with **deeper energy savings**
- Bring **private capital** into energy efficiency space
- Establish a **statewide database** of EE **project and financing data** to spur future investments

Why should financial entities participate in the small business pilots?

- ***Mitigate Risk:*** Access $14 million in credit enhancements for small business financing
  - Leases, loans and Energy Service Agreements
- ***Offer convenience to customers:*** On-bill repayment options means 1 monthly payment for customers: energy and financing charges
- ***Take advantage of lead generation:*** $10 million budget for marketing, training and outreach to contractors and end users, shared among the various pilots
  - Marketing Coordinated by Center for Sustainable Energy
  - Cooperative Marketing and Co-Branded collateral available

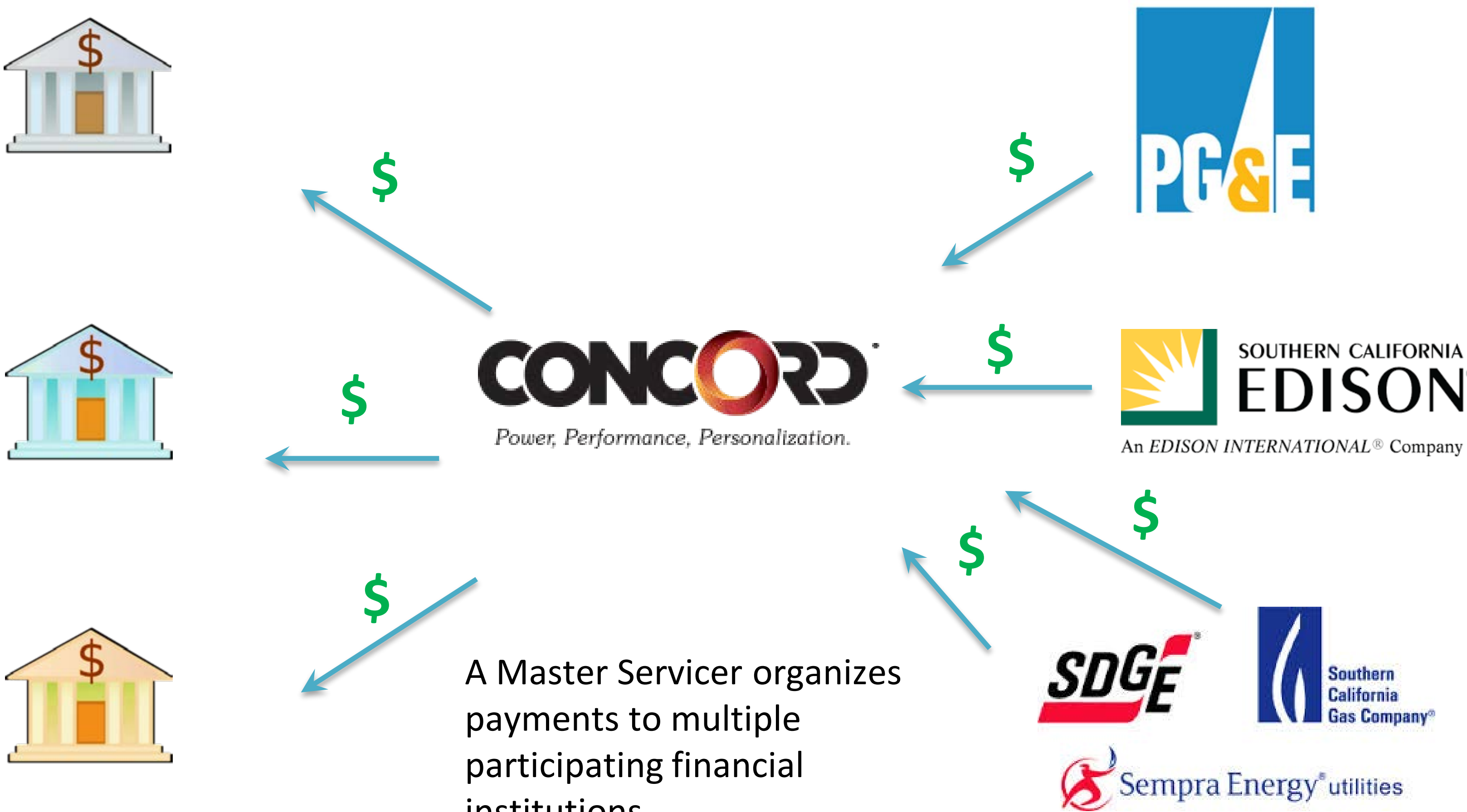
Program attempts to address some of the barriers to EE financing demand

- Statewide marketing campaign targets contractors and end users
- Borrowers not required to be property owner
- No industry restrictions
- No upfront investment required of borrowers
- Project Flexibility: 70% of financed proceeds must be for EE measures; 30% may be for other improvements

Names and service areas of participating lenders to be publicized for contractors & small business owners

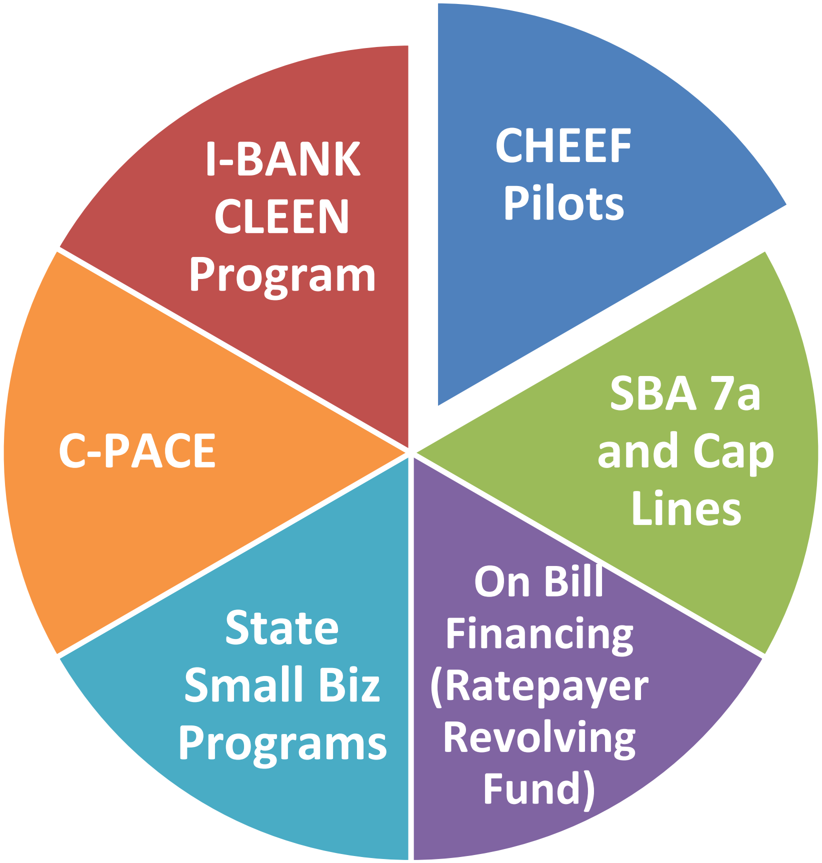
Introduction | Definitions | Credit Enhancement Structure | Financing Entity Eligibility | Product Eligibility | Borrower Eligibility | Conclusion

Open Market OBR platform provides a single point of contact for Capital Providers



A Master Servicer organizes payments to multiple participating financial institutions.

CHEEF pilots complement existing programs that support small business Energy Efficiency



CHEEF Project Niches:

- No cost for credit enhancement
- Borrower not required to pursue utility rebate or incentive
- Non Profits are eligible borrowers
- No requirement for borrower equity injection
- Supports loans, leases & Energy Service Agreements
- Credit Enhancement for up to $1MM
- Lender takes a portfolio strategy OR wants to avoid setting aside own funds as loss reserve
- Bill neutrality not required
- Longer term financing supported

DEFINITIONS

Product Definitions

Eligible Loan: A loan made to an Eligible Borrower to finance Eligible Improvements on an Eligible Property

Eligible Lease: A lease made to an Eligible Borrower to finance Eligible Improvements on an Eligible Property. A lease agreement provides the lessee (the acquirer of the equipment) with the use of equipment and provides the lessor (the provider of the equipment) with regular payments from the lessee for a specified term. Under a lease, title transfers at the end of lease term. A lease is also defined to include an Equipment Finance Agreement, wherein title transfers at the beginning of the finance term.

Eligible Energy Service Agreement (ESA) for the Credit-Enhanced pilot(s): an agreement under which a service provider provides a service for another party in exchange for a periodic payment based on the value of the energy saved. The party receiving the service does not acquire an ownership interest in equipment used to provide the service during the term of the ESA agreement. Under an ESA, the service provider is compensated based on actual kWh and/or therms saved. In some cases, the monthly payment may be a fixed amount based on an estimate of the kWh or therm savings. In such cases, the monthly payments are reconciled to the actual savings not less frequently than once each year.

Eligible Energy Service Agreement for the non-Credit-Enhanced, non-Residential pilot: May encompass a broader scope of service agreements.

Definitions for Loss Reserve and Claim Calculations

Original Total Financing Amount:

- For Loans and Leases: The original principal amount as disclosed to a customer through loan documentation or the job addendum.
- For ESAs: The total amount paid to the contractor and disclosed on the job addendum, inclusive of equipment, installation and shipping costs and exclusive of Operations and Maintenance and financing charges.

Original Claim-Eligible Financing Amount: The Original Total Financing Amount, less any DG (where permissible in the off-bill pilot) and less any other non Energy Efficiency improvements beyond the allowable 30%.)

Claim Eligible Ratio: The Ratio of the Original Claim-Eligible Financing Amount to the Original Total Financing Amount

Credit Enhancement Basis: A one-time calculation to determine the initial loan loss reserve funding calculation. The original Claim-Eligible Financing Amount less any utility rebates or incentives NOT applied to the cost of the project.

Total Charge-Off Amount:

- For Loans and Leases: Outstanding principal balance at the time of charge-off
- ESA: The Original Total Financing Amount divided by the number of months in the term multiplied by the number of months remaining in the term.

Claim-Eligible Charge-Off Amount: The Total Charge-Off amount multiplied by the Claim-Eligible ratio.

An example for illustration purposes is provided in the appendix

Financing Entity Definitions

Participating Financial Institution (PFI): An insured depository, insured credit union or community development financial institution (CDFI) approved for participation in the program.

Participating Finance Lender (PFL): A finance lender licensed by the California Department of Business Oversight that meets the requirements laid out in the "Financing Entity Eligibility" section in this presentation and is approved for participation in the program.

Definitions Questions:

1) *Do the product definitions accurately define the three types of products that should be eligible for enrollment in the CHEEF commercial pilots?*
2) *Are there potential finance entity participants in the program that should be included but do not have or cannot obtain a California finance lender license?*

CREDIT ENHANCEMENT STRUCTURE

Loan Loss Reserve Account Funding

Size and Structure:

- 4 Pools totaling $13.9MM for loans, leases and ESAs enrolled in the commercial pilots
  - Pacific Gas & Electric: $6.2MM --- Southern California Gas Company: $1.4MM
  - Southern California Edison:$4.1MM --- San Diego Gas & Electric: $2.2MM
- CAEATFA will open a Loan Loss Reserve (LLR) account for each PFI/PFL for each IOU jurisdiction at the Trustee Bank
- Funds will be allocated to the PFI/PFL's LLR account(s) for every loan, lease or ESA enrolled
- PFIs enrolling Loans/Leases/ESAs with both gas and electric measures in joint IOU-jursidictions (ie. SoCalGas/SoCalEdison) will receive contributions to both LLR accounts, corresponding to the cost of the installed measures

Loss Reserve Contribution

- The LLR contributions will be made by taking the following percentages and applying them toward the *Credit Enhancement Basis* of each loan/lease/ESA that falls into the following tiers:
  - Tier 1: Claim-Eligible Amount <$5,000: **20%**
  - Tier 2: Claim-Eligible Amount: $5,001-$250,000: **10%**
  - Tier 3: Claim-Eligible Amount: $250,001-$1,000,000: **5%**

An example for illustration purposes is provided in the appendix

Claims

Credit Enhancement Duration:

- Credit Enhancement expires after 10 years

Charge-Off Recovery Percentage:

- PFI/PFLs can claim up to 90% of the Charged-Off Claim-Eligible Amount of a loan, lease or ESA

Claims:

- The Claim-Eligible Charge-Off amount is capped at $1,000,000
- Claim payments are limited to the funds in a PFI/PFL's LLR account for the IOU jurisdiction for the enrolled loan/lease/ESA
- Only charged-off principal (or its equivalent for ESAs) is claim-eligible; interest is not eligible
- Liquidation of collateral is not required, but should a PFI/PFL recoup losses from the liquidation of collateral, claims would be paid net of the recovery amount such that a PFI/PFL is not made more than 100% whole with respect to a charge-off.

ESA Charge-Offs

- PFI/PFL must demonstrate that a charge-off for an ESA resulted in a loss from a credit default, not as a result of failure to realize expected energy savings

Credit Enhancement Structure: Additional Features

Date of Enrollment

- Loans/Leases/ESAs must be enrolled in the program within 90 days of project completion.

Pre-Approval Process:

- CAEATFA is considering offering a Pre-approval process in which a PFI/PFL would receive assurance that a project is eligible for a credit enhancement and LLR funds would be set aside and reserved for that PFI/PFL for the particular project.

Quarterly Rebalancing:

- At the end of each quarter, LLR accounts will be "Trued Up" such that the balance will reflect the sum of the original loss reserve allocation percentage for each loan/lease ESA, multiplied by the outstanding claim-eligible amount. Excess funds will be returned to the IOU program account.

Credit Enhancement Structure Questions

1) *Are the tiers referenced above the correct tiers by which to distinguish loss reserve allocations?*
2) *Will the higher loss reserve allocation on micro and smaller deals encourage and facilitate these transactions?*
3) *Are there other special categories of businesses where an increased reserve allocation would help channel capital to an underserved market? For example, businesses with less than $1MM in annual revenues?*
4) *What does a 10% loss reserve allocation allow PFI/PFLs to provide that a 5% loss reserve allocation does not?*

Credit Enhancement Structure Questions cont'd

5) *Is a pre-approval process valuable to you?*
6) *At what stage in a project would you want a pre-approval? How much of the project should be scoped at the time of pre-approval? What percentage of projects at this stage get completed?*
7) *How long should a pre-approval last?*
8) *How do we avoid tying up limited LLR funds in a 2 year pilot given that some projects never move forward?*

FINANCE ENTITY ELIGIBILITY

Requirements for all participating finance entities

- **Financing Entity must be either an:**
  1) Insured depository (bank, credit union)
  2) A CDFI
  3) A holder of a California Finance Lender License (i.e. a Finance Lender)
- **Participation in the CHEEF pilots means:**
  1) Submitting an application
  2) Describing a concrete benefit to customers as a result of receiving LLR funds
  3) Submitting loan enrollment packages
  4) CAEATFA will move LLR funds to an account held by a Trustee in Participant's name
  5) Reporting on monthly loan performance
  6) Submitting a monthly OBR charge (for the OBR pilots)
  7) Filing a claim in the result of a charge-off (in the event of a charge-off)
  8) Receiving a claim payment from the Participant's LLR fund (in the event of a claim)
  9) Receiving marketing support as part of the Statewide marketing program.
- **Participants in the program can be:**
  1) An originator/servicer/capital provider
  2) An originator/servicer that does not provide capital but can demonstrate committed capital and represent the benefits that LLR funds would provide to customers
  3) A capital provider that contractors for originations, servicing or both and is able to identify its originator and servicer in its application.

Requirements for all participating finance entities cont'd

All participating entities must:

- Possess **general liability insurance**
- Demonstrate **ability to service loans**, **leases or ESAs**, and to **provide customer service** functions
- Have ability to **report to CAEATFA** on enrolled loans
- **Integrate with the Master Servicer** for the on-bill pilots
- **Provide a benefit to end Users** (if seeking a credit enhancement) such as:
  - lower interest rates, applicable
  - longer terms
  - more inclusive/less restrictive underwriting
  - larger maximum amounts financed
  - smaller reserve required of contractors (with benefits passed through to the end customer)

Entities not seeking a credit enhancement are exempt from above

- CAEATFA **will not** require prefunding of contractors nor a particular timeframe for credit approvals

Finance Lenders & CDFIs with < 5 years in business must also demonstrate:

- Capital: either their own capital or committed capital of a certain threshold
- Financial soundness
- Organizational track record of at least 5 years experience closing financing for commercial projects, OR demonstrate experience through an alternative set of criteria such as $ of financing closed
- Integrity, transparency, and adherance to best practices
- Sound underwriting, origination, and servicing processes and procedures
- Experience with commercial (non real-estate) financing
- Sound portfolio management procedures

Finance Entity Eligibility Questions

CAEATFA's goal is to encourage reputable, healthy finance companies, with long term viability to participate in the program in order to provide for sound management of the available loss reserve, ongoing service to customers and to manage overall reputation risk.

1) *Are organizational experience requirements too strict? Not strict enough? How does CAEATFA best assure that participants will provide strong customer service and be good partners for a State program?*
2) *Does the criteria of a finance lender license for certain entities help to achieve this goal?*
3) *Are there additional types of entities (beyond regulated depositories and CDFIs with greater than 5 years experience) that should be exempt from this license requirement?*
4) *Is it reasonable to ask participants to demonstrate financial soundness? If so, how could that be done?*

Finance Entity Eligibility Questions cont'd

5) *Do you agree that a demonstration of committed capital is important? If so, in what form should that demonstration be provided and what are appropriate levels of minimum capital requirements?*

6) *What is the right criteria by which to evaluate organizational track record for entities with histories shorter than 5 years? Is it through a threshold of financing closed? What would the right amount be?*

7) *How do we ensure integrity, transparency, and adherence of best practices of participating finance entities? Should we require membership in a national organization and adherence to voluntary standards? Why or why not?*

8) *Should we explicitly require experience with Energy Efficiency Financing? Or does that exclude potential new entrants to the market?*

PRODUCT ELIGIBILITY

Product Requirements

Category	Specification
Disclosure for Loans and Leases	Finance entity must disclose to the borrower (1) the loan/lease principal, (2) interest and fees OR APR.
Disclosure for ESAs	Finance entity must disclose a term, monthly service charge or basis for charge, and end of term options
Interest rate	No cap, although as part of application process, finance entity must demonstrate a customer benefit in exchange for receiving credit enhancement; that benefit may or may not be reduced interest rates.
Term Length of Financing	No restriction (although note credit enhancement enrollment cap of 10 years)
Financing Minimum	None
Financing Maximum	Credit enhancement stops at $1MM. Total financing amount is capped at $2.5MM in CE pilots; up to $5MM in non-residential, non CE pilot.

Product Requirements Continued

Category	Specification
Collateral	• **Claim Eligible Amounts <$50,000:** Permitted, but not required for financing. • **Financing greater than $50,000:** Requires a UCC filing on the equipment, or collateral of equal value.
Personal Guarantees by owners	Permitted, but not required.
Fees	• Must be disclosed on PFI's application to our program and must be reasonable and in-line with industry standards. • Must be disclosed to customer or presented as part of an APR.
Refinance or Renewal	Only permitted if it is enrolled within 90 days of project completion.

BORROWER ELIGIBILITY

Borrower Entity Requirements

Credit-Enhanced Pilots:

- **Small Business Size**: Small Businesses must meet the SBA NAICS requirements found in [13 C.F.R. 121.201]
- **Non-Profits**: Non-profits meeting SBA NAICS size requirements are eligible borrowers
- **Industry Restrictions:** None.

Government/Public entities: Are only eligible borrowers in the non-credit-enhanced, non-residential pilot

Tenant Occupants: Tenants are eligible borrowers; there is no requirement that they occupy their building. Finance Entities can decide if they want to require written permission from the owner.

Credit and Underwriting Standards:

- **Objective** is to accommodate as many underwriting methodologies as possible while setting some **minimum guiderails.**
- We want to encourage PFI/PFLs to provide financing to borrowers that might otherwise not qualify or would otherwise receive less attractive terms….but we need some likelihood that borrowers will have the cash flow to repay
- **As a reference for the level of risk** that is appropriate, **the CHEEF Residential pilot** sets a borrower minimum FICO of 580 and a max debt to income of 55%.
- CAEATFA is proposing **program minimum** requirements.
- PFI/PFLs can always apply **additional criteria** from their own underwriting policies.
- **PFI/PFL's will certify** on their financing enrollment applications that they have followed program underwriting guidelines; CAEATFA will not ask to see customer financial information or internal loan/lease/ESA docs other than as part of an audit or in conjunction with a claim.
- CAEATFA will want to collect **some data on the customer** that the PFI/PFL is able to share.
- **Incorporating energy savings into underwriting**: permitted as part of PFI/PFL's consideration and debt service calculations, but not required.

Proposed Underwriting Minimums

Total Financing	$<5k	$5k-50k	$50k-250k	>$250k
Personal Guarantees	No requirement			
BK, judgements & liens	?		?	
Collateral	No requirement		Claim-Eligible Amount >$50k secured with UCC-1 or collateral of equal value	
Length of Time in Biz	No requirement		Minimum 2 years	Minimum 3 years
Borrower Financials	Can evaluate solely through utility bill-pay history. No more than 1 past due notice in the past 12 months. As part of the program, the utilities will provide 12 months of bill-pay history.	1) Credit check (min score TBD) using one of: A) DNB Paydex B) Paynet C) SBSS D) Owner FICO (Min score TBD) **OR** 1) Option to use reqs for >$250k	1) Credit check (min score TBD) using one of: A) DNB Paydex B) Paynet C) SBSS D) Owner FICO **AND** 2) Positive Net Income or Operating Profit for last 2 years per financial statements or tax returns **OR** 1) Option to use reqs for >$250k	3 out of these 4 checks required: 1) Positive NI or Operating Profit for last 2 years 2) Leverage ratio check of Total Liabilities to TNW **OR** Debt to Equity 3) Cash Flow: DSCR >1.15 4) Credit check (min TBD) using one of: A) DNB Paydex B) Paynet C) SBSS D) Owner FICO

Borrower Eligibility Questions

1) *Should the program require a **tenant's occupancy lease to run to the length of the financing term**? Or is that an area in which the Credit Enhancement may allow finance entities to allow for more leeway with underwriting?*
2) *How do these underwriting checks fit or not fit with your existing business **processes?***
3) *How do these minimums compare to your existing **requirements?***
4) *Is there anything additional that should be included?*
5) ***Bankruptcy, Judgements and Liens**: What restrictions, if any, should be set for financing in each tier?*
6) ***Credit Scoring:***
   a. *Are the proposed services for credit scoring (Paydex, Paynet, SBSS and Owner FICO) the right ones to accommodate commercial financing? Are there other services that should be included?*
   b. *What minimum credit score should we require?*
      - *Is an owner FICO of 640 the right minimum for commercial financing in our program?*
      - *What would a similar score be using Paydex, Paynet, or SBSS?*
      - *Should credit score requirements be more stringent for financing above $50k? Above $250k?*
      - *Or should credit score requirements be more lenient below $250k?*

Borrower Eligibility Questions Cont'd

7) ***Income/Profitability:*** *Does requiring an income/profitability check at the $50k and above level interfere with existing underwriting methodology?*

8) ***Cash Flow for financing > $250k :*** *Is DSCR>1.15 appropriate? How does that fit with your existing underwriting?*

9) ***Leverage Ratios for financing >$250k:***

   a. *What ratios do you currently look at for financing >$250k?*

   b. *Is requiring either a maximum debt to equity or max Total Liabilities: Tangible Net Worth the right balance sheet check? If not, what should it be?*

   c. *What should our maximum debt to equity or TL:TNW* be?

10) ***Customer Data Provided to CAEATFA:***

In the residential market, we make every effort to restrict Personally Identifiable Information to comply with regulatory requirements. PFI/PFLs report only ranges of underwriting characteristics.

   a. *Does commercial financing bring similar restrictions on sharing customer information?*

   b. *What customer data can not be shared?*

CONCLUSION AND NEXT STEPS

Next Steps

- Please provide feedback to CAEATFA now, in this workshop, or afterwards. Comments are due by September 15, 2016.
- CAEATFA will consider all comments and incorporate them as it deems appropriate.
- Comments can be submitted to

cheef@treasurer.ca.gov

Or to

Miriam Joffe-Block
Program Manager, CHEEF
mjblock@treasurer.ca.gov
916.653.3032

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APPENDIX

Sample LLR Contribution Illustration:

Project Cost	$ 250,000	
Expected IOU rebate	12,000	*Rebate is NOT applied toward the cost of the project*
Original Total Financing Amount	250,000	*Assume 100% financing*
Distributed Generation/Solar* cost of project	100,000	*Amount will be excluded from Claim-Eligible Amount and Credit Enhancement Basis*
Original Claim-Eligible Financing Amount	150,000	*Total Original Financing Amount less any funded Distributed Generation and that meets 70/30 EEEMs requirements*
Credit Enhancement Basis	138,000	*Claim-Eligible Financing Amount less rebate amounts NOT applied to cost of project*
Total LLR contribution %	10%	*Proposed LLR allocation*
Total LLR contribution	13,800	*Total LLR contribution % x Credit Enhancement Basis*
Claim-Eligible Ratio	60%	*Original Claim-Eligible Financing Amount / Original Total Financing Amount*

*only permitted in the off-bill commercial pilot

Sample Claim Illustration

Original Total Financing Amount	$250,000	
Original Claim-Eligible Financing Amount	$150,000	*e.g. $100,000 of original financing was for solar*
Claim Eligible Ratio	60%	*Original Claim Eligible Amount/ Original Total Financing Amount*
Total Outstanding Principal at time of charge-off	$128,000	
Outstanding Claim-Eligible Principal at time of charge-off	$76,800	*Claim-Eligible Ratio x Total outstanding Principal at time of charge-off*
Total potential claim allowance	$69,120	*90% x Total outstanding claim eligible principal*
Total Recoveries	$20,000	*Amount of principal recovered by the PFI/PFL*
Recoveries attributed to Claim-Eligible Principal	$12,000	*Total recoveries x Claim-Eligible Ratio*
Claim limit based on "100%-whole" rule	$64,800	*Outstanding Claim-Eligible Principal less recoveries attributed to Claim-Eligible Principal**
Claim Amount**	**$64,800**	*Lesser of Total potential claim allowance OR Claim limit based on "100%-whole" rule*

* LLR payment will not make the PFI/PFL more than 100% whole

** Provided that the PFI/PFL's LLR account(s) for the corresponding IOU contain(s) sufficient funds